
Education Committee

HB 1871

Brief Description: Regarding education system benchmarks and monitoring.

Sponsors: Representative Santos.

Brief Summary of Bill

- Establishes a financial health and monitoring system to evaluate and rate the long-term financial health of school districts, and requires a review of the current budget submittal and approval process.
- Creates an education data center to provide data analysis and support to the P-20 Council.
- Requires periodic review and report to the Legislature on the list of Global Challenge States.

Hearing Date: 2/6/07

Staff: Andrew Colvin (786-7304).

Background:

Responsibility for financial management of each school district rests with the local school board and the superintendent they retain to manage the operations of the school district. However, the district's financial management is regulated by state law and supervised by the Office of Superintendent of Public Instruction (OSPI). The Washington State Auditor audits school district financial records for compliance with laws and regulations, general accounting practices, and adequate internal controls.

Each school district develops and adopts its own budget prior to the beginning of each school year. The budget process is governed by state law (RCW 28A.505) and regulations (WAC 392.123), and on instructions provided by the OSPI. The budget approval and review process varies slightly between first class and second class school districts, with the second class districts actually having to receive approval from a budget review committee.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The 2005 Legislature created a comprehensive education study to include examination of early learning, K-12 education, and higher education. The study effort, chaired by Governor Gregoire, became known as Washington Learns. Washington Learns issued an interim report in November 2005 and final recommendations in November 2006 for consideration by the Legislature.

As part of addressing quality and accountability, Washington Learns recommended the development of a financial health monitoring system for the K-12 public schools. In its final recommendations, Washington Learns found that the current budget review system focuses on the current school year, and does not provide a long-term, prospective look at school districts' budget health.

Washington Learns also recommended the creation of a P-20 Council to track progress toward long-term goals and improve student transitions through the education system. To provide support for that effort, the recommendation included the development of an education data center, which would compile and analyze student data from the various educational agencies.

Finally, Washington Learns recommended the use of Global Challenge States as a guide to measure educational performance and status. The Global Challenge States are the top eight performers on the New Economy Index, which compares states on twenty-one indicators that measure how well they are positioned to compete in the new economy.

Summary of Bill:

Financial health ratings system for school districts. The Office of the Superintendent of Public Instruction (OSPI) and the Office of Financial Management (OFM) are directed to identify up to six system measures for a public financial reporting system, and to develop a financial health outlook rating system consisting of three categories. Based on a school district's six system measures, the district will be placed in one of the three financial health outlook categories.

Each school district's financial health outlook category will be published annually, and updated as needed. Those districts in the lowest two categories will receive technical assistance from regional financial specialists contracted through educational service districts.

The six system measures and the financial health outlook rating system shall be presented to the Governor by November 1, 2007, and subject to agreement between the Governor and the OSPI, will be implemented during the 2008-09 school year.

Education data center. The education data center shall be established within the OFM, and will conduct analyses of education issues across the P-20 system. The education data center will provide the data and analyses to support the P-20 Council, as well as assist other state education agencies in establishing benchmarks and determining progress relative to those benchmarks. To accomplish this, the education data center will work with the various state education agencies and institutions to develop data sharing and research agreements.

Global Challenge States. The OFM will review the list of Global Challenge States at least every five years to determine if changes to the list are appropriate, and issue a report of its findings to the Governor and the Legislature.

Appropriation: None.

Fiscal Note: Requested on January 30, 2007.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.